



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0157	<b>Title:</b>	Implement healthy kids initiative
<b>Primary Sponsor:</b>	Hunter, Chuck	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>
<b>Expenditures:</b>				
State Special Revenue	\$900,989	\$0	\$0	\$0
Federal Special Revenue	\$1,702,418	\$0	\$0	\$0
<b>Revenue:</b>				
Federal Special Revenue	\$1,702,418	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact:

The bill revises the Healthy Montana Kids Initiative (I-155), providing appropriation authority for FY 2009 to fund program start up costs.

### FISCAL ANALYSIS

#### Assumptions:

#### **Health Resources Division**

1. The Children's Health Insurance Plan (CHIP) prior to Initiative -155 passage had 17,240 children actively enrolled.
2. As the result of the passage of the I-155 initiative on November 4, 2008, additional children above the base of 17,240 will be eligible for Healthy Montana Kids (HMK) Plan funding.
3. The enhanced federal matching rate (FMAP) for 2009 is 77.63% and the corresponding state match rate is 22.37%
4. The level of federal CHIP funding available when CHIP is reauthorized will determine how many children can be insured.

5. CHIP reauthorization is expected to occur in March of 2009.
6. CHIP enrollees are estimated to increase 0.5% per month.

Month – FY 2009	Total Enrollees	Base enrollees CHIP	Healthy MT Kids Plan enrollees
November	17,240	17,240	0
December	17,326	17,240	86
January	17,413	17,240	173
February	17,500	17,240	260
March	17,587	17,240	347
April	17,675	17,240	435
May	17,764	17,240	524
June	17,852	17,240	<u>612</u>
<b>TOTAL Additional Enrollment</b>			2,437

7. A temporary employee will be necessary to assist with applications at \$22,205 for FY 2009. Agency administrative costs (rent, phones, desks, computers, supplies, contracts, etc.) are estimated at \$17,438.
8. Outreach for Healthy MT Kids for FY 2009 is estimated to be \$15,000.
9. The average per member per month (PMPM) benefit cost for FY 2009 is \$166.65.
10. Third Party Administrative Fee (TPA), and other operating costs (fee for processing claims) for FY 2009 applicable to Healthy Montana Kids (HMK) are depicted below:

Month - FY 09	Additional Enrollees (HMK)	Benefits	Monthly Costs Administrative	TPA	Total Costs
November	0	0	0	0	0
December	86	\$14,332	\$7,806	\$799	\$22,937
January	173	\$28,830	\$7,806	\$1,607	\$38,244
February	260	\$43,329	\$7,806	\$2,415	\$53,550
March	347	\$57,828	\$7,806	\$3,224	\$68,857
April	435	\$72,493	\$7,806	\$4,041	\$84,340
May	524	\$87,325	\$7,806	\$4,868	\$99,999
June	<u>612</u>	<u>\$101,990</u>	<u>\$7,806</u>	<u>\$5,685</u>	<u>\$115,481</u>
<b>Total</b>	2437	\$406,126	\$54,642	\$22,640	\$483,408

### Human & Community Services

11. The Human & Community Services Division will have an immediate need for a new position to implement the new eligibility requirements and system needs for both Medicaid and CHIP.
12. This position will be a .50 FTE, pay band five, Social Services Supervisor.
13. Personal Services expenditures for this position will total \$24,096 in FY 2009, and operating expenditures will total \$1,400 for the purchase of a computer.
14. These expenditures will be funded at 50% State Special Revenue and 50% federal funds.

### Technology Services Division

15. To implement this initiative, the Technical Services Division (TSD) will perform eligibility system setup and programming for the Combined Health Information and Montana Eligibility System (CHIMES), Kids

Insurance Determination System (KIDS), Health Insurance Premium Payment System (HIPPS), and Medicaid Management Information System (MMIS).

16. TSD will develop a web-based application form that can be utilized as a single form for eligibility determination for either Medicaid or CHIP. This will create a “one-stop” application process for health care eligibility.

Kids Insurance Determination System (KIDS) - CHIP Eligibility System:

17. Data for this program will be transmitted to MMIS and the CHIP insurance provider.  
 18. It is assumed that eligibility for HMK will be similar to the requirements for the current CHIP Program.  
 19. KIDS will capture data necessary to determine and/or track whether a child is uninsured.  
 20. It is estimated that it will require 2,270 hours programming time to accomplish the changes necessary in KIDS and 1,000 hours of programming time to enact the web-based application interface, for a total of 3,270 programming hours.

Health Insurance Premium Payment System (HIPPS):

21. The Healthy Montana Kids initiative allows for a premium payment assistance program to track those cases where premium assistance is given. Currently, the department has a similar system, the Health Insurance Premium Payment System (HIPPS).  
 22. Programming changes would be required in HIPPS to adequately track new data and to create new reports. It is estimated that these changes would require 2,000 hours of programming time to accomplish the new reports, interfaces with CHIMES, MMIS, and BCBS, and to enact any other programming changes necessary.

Combined Health Information and Medicaid Eligibility System:

23. If there are not sufficient funds within the CHIP program to support an eligibility increase to 250% of the Federal Poverty Level (FPL), Medicaid eligibility will increase to 185% of FPL. This will require the above noted changes as well as changes to the Medicaid eligibility system.  
 24. Changes to eligibility determination will require resource evaluation process and card issuance changes in the system and may include income standards changes.  
 25. CHIMES will capture data necessary to determine and/or track whether a child is underinsured.  
 26. Family income equivalent levels set for the Children’s Health Insurance Program will be different than existing Medicaid income standards and will be captured and maintained within the eligibility rules.  
 27. Included in this estimate are the addition of a new web page to capture information to determine whether a child is underinsured, addition of a new web page to capture presumptive eligibility, the addition of 2 new notices, and additional security required for access by non-eligibility workers.  
 28. It is estimated that it will require 3,070 hours of programming time to accomplish the changes necessary in CHIMES and 2,593 hours time to enact the web-based application interface.

System Programming Costs

29. Programming time is estimated to cost \$115 per hour.  
 30. The estimated programming costs for each of the system changes are depicted below:

System	Hours of Programming Time	Cost/ Programming hour	Total cost for System
KIDS	3,270	\$115	\$376,050
HIPPS	2,000	\$115	\$230,000
CHIMES	5,663	\$115	\$651,245

31. The system costs will be funded based on their respective Federal Matching Percentage Rate (FMAP), as depicted below:

System	FMAP State %	State Share	FMAP Federal %	Federal Share	Total Funds
KIDS	22.37%	\$84,122	77.63%	\$291,928	\$376,050
HIPPS	10.00%	\$23,000	90.00%	\$207,000	\$230,000
CHIMES	50.00%	\$325,623	50.00%	\$325,623	\$651,245

Card Replacement:

32. Initiative 155 requires that a single card be issued for both Medicaid and CHIP eligibility.
33. There are currently 63,951 children covered under both Medicaid (46,711) and CHIP (17,240) within Montana. Each of the cards issued for these individuals will need to be replaced with a Healthy Montana Kids card.
34. Costs for the card replacements would be funded at their respective FMAP rates.
35. The estimated cost to replace the 63,951 and their funding is as follows:

	# Replacement Cards	Cost/Card	Total Replacement Cost	State %	State Share	Federal %	Federal Share
Medicaid Card Replacement	46,711	\$12	\$560,532	50.00%	\$280,266	50.00%	\$280,266
CHIP Card Replacement	17,240	\$12	\$206,880	22.37%	\$46,279	77.63%	\$160,601

Funding of Per Child Costs in Shared Components:

36. The programming costs for the web-based applications for KIDS and CHIMES, along with the legal costs for rule making and filing fees are shared components, where the costs will be funded proportionately to the percentage of children on each system to the total number of children. There are estimated to be 17,240 (or 26.96%) children currently covered under CHIP and 46,711 (or 73.04%) children currently covered under Medicaid.

*Technology Services Division*

37. It is estimated that it will take 524 hours time to create a web based eligibility application and generate a presumptive eligibility notification process.
38. It is estimated that the total cost for development of a web-based application will be \$60,260.
39. The web-based application costs are funded as follows:

<b>Total Web-based application programming costs:</b>				<b>\$60,260</b>		
	% Children	Share amount	State %	State Share	Federal %	Federal Share
<b>CHIMES</b>	26.96%	\$16,246	50.00%	\$8,123	50.00%	\$8,123
<b>CHIP</b>	73.04%	\$44,014	22.37%	\$9,846	77.63%	\$34,168

*Director's Office*

40. Legal Services, within the Director's Office, will incur expenditures for rule making, filing fees, and attorney fees.
41. The department's legal staff is working at capacity; therefore, these services will need to be contracted out through temp services and using Agency Legal Services through the Department of Justice.
42. It is estimated that the total legal costs are \$525 for rule making (\$15/hour x 35 support staff hours), \$1500 in filing fees (30 pages x \$50/ page filing fee), and \$7,560 for attorneys fees (\$84 x 90 Agency Legal Services hours), for a total of \$9,535.
43. The legal costs are funded as follows:

<b>Total Legal Cost:</b>		<b>\$60,260</b>				
	<b>% Children</b>	<b>Share amount</b>	<b>State %</b>	<b>State Share</b>	<b>Federal %</b>	<b>Federal Share</b>
<b>CHIMES</b>	26.96%	\$2,571	50.00%	\$1,285	50.00%	\$1,285
<b>CHIP</b>	73.04%	\$6,964	22.37%	\$1,558	77.63%	\$5,406

	<b><u>FY 2009 Difference</u></b>	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	.50			
<b><u>Expenditures:</u></b>				
Personal Services	\$24,096	\$0	\$0	\$0
Operating Expenses	\$2,173,185	\$0	\$0	\$0
Benefits	\$406,126	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$2,603,407</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$900,989	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,702,418	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$2,603,407</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
State Special Revenue (02)		\$0	\$0	\$0
Federal Special Revenue (03)	\$1,702,418	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$1,702,418</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	(\$900,989)	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Note:**

This proposed bill seeks \$1,307,660 in state special revenue funds and \$3,103,944 in federal funds. This fiscal note indicates that less funding is needed to begin implementation of the Healthy Montana Kids Plan.

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*